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Approved For Release 2002/06/24 : CIA-RDP57-00384R000500050180-5

OGC Has Reviewed

14 December 1951

MEMORANDUM FOR: Deputy Director (Administration)

STATINTL

SUBJECT : Comparative Pay

1. In connection with the case of the Major General which you referred to the undersigned yesterday, certain comparative figures appear below. The calculations in part were based on facts supplied by the individual. He advised that he would receive as a retired officer a monthly compensation of \$707. He also stated that his disability rating was 75%, which would render only \$55.00 a month of the above amount taxable as compensation. The General also stated that he was being retired effective December 31, 1951.

2. In computing the net amounts, it was necessary to include an additional \$2,500 per annum of outside income in order that a true tax position could be calculated. Listed below are net amounts which the General would receive from the Government after payment of taxes.

- (a) Retired Pay - - - - - \$7,986 per annum
- (b) Active Duty - - - - - 10,432.49 per annum
- (c) G. S. 17 - - - - - 8,664.00 per annum
- (d) G. S. 18 - - - - - 9,600.00 per annum

From the above, it can be seen that at a grade G. S. 17, he is \$500.00 better off than his retired pay, whereas at a grade G. S. 18, he would be \$1,600 better off than on a retired status. However, the G. S. 18 rate puts him approximately \$800 below his present active duty status. In the General's method of expressing it, it could be said if he were employed at a G. S. 18 that he was working for \$1,600.00 per year.

3. Since the General had to depart before final calculations were made, it was indicated to him generally that there could be a rough equating of the grade G. S. 17 to his retired status and a grade G. S. 18 to his active duty status. From the table above, it is obvious that this was not entirely accurate.

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4. With respect to handling the waiver of his retired pay, it appears that this can be handled quite simply at the time that he is processing for retirement. He could advise in writing that he did not wish to draw retired pay and was waiving it until further notice. At that time, he could request that Army Finance furnish him a letter to this effect, which could be placed in his files, as a basis on which we would be authorized to make payments. Due to his disability rating, it would not be necessary, of course, to utilize Public Law 53.

5. The General raised a question concerning the ability of this Agency to pay other types of allowances. Only the normal allowances were explained to him. However, you may wish to consider this particular aspect further, particularly in connection with his overseas activities. As you are aware, the General is leaving for Kentucky today and presumably he will get in touch with you at a later time since no formal arrangements of any nature were made.

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Assistant General Counsel

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